

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 SSO-00 NSCE-00 USIE-00 INRE-00 DODE-00

PM-07 H-03 PA-04 PRS-01 IO-14 OIC-04 PC-10 FEA-02

SCI-06 INT-08 IGA-02 DRC-01 /199 W

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DEPARTMENT PASS TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

E.O. 11652: N/A

TAGS: EGEN, EC, IA-ECOSOC

SUBJECT: IA-ECOSOC 9TH ANNUAL MEETING: ASSISTANT SECRETARY
KUBISCH'S REMARKS ON MEXICO CITY MEETING OF FOREIGN MINISTERS
SECOND SESSION

REF: QUITO 1629

1. IN CONTINUATION OF CLOSED SESSION OF IA-ECOSOC COORDINATING
COMMITTEE FROM 6 TO 8 PM, TUESDAY, MARCH 12, ASSISTANT SECRETARY
JACK B. KUBISCH RESPONDED TO QUESTIONS BY HEADS OF DELEGATION.
QUESTIONS CENTERED ON MEXICO CITY MEETING OF FOREIGN MINISTERS
(MFM), WITH REFERENCE TO EFFECT OF MFM ON CURRENT IA-ECOSOC
MEETING AND TO SECOND MEETING OF MFM IN WASHINGTON APRIL 17 AND
OAS/GA IN ATLANTA APRIL 19. DIALOGUE WAS CARRIED ON IN A FRANK,
OPEN MANNER WHICH DREW HIGH PRAISE FROM LATIN AMERICAN DELEGATES
AND ADVISORS FOLLOWING THE MEETING.

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2. ARGENTINIAN DELEGATE BECKMANN ASKED ABOUT TRADE PREFERENCES AND RESTRICTIONS ON U.S. FIRMS' EXPORTS TO CUBA. MR. KUBISCH REPLIED THAT TITLE V OF THE TRADE REFORM ACT, NOW PENDING IN THE U.S. CONGRESS, CONTAINED AUTHORIZATION FOR THE U.S. TO IMPLEMENT A SYSTEM OF GENERALIZED PREFERENCES FOR LDC'S (GSP) AND THAT WE WERE PROPOSING CONSULT IN THE SCCN TO INCLUDE, WHEREVER POSSIBLE, ITEMS OF INTEREST TO LATIN AMERICA. CONCERNING THE QUESTION OF U.S. RESTRICTIONS ON SALES BY SUBSIDIARIES OF AMERICAN FIRMS ABROAD TO CUBA AND THE QUESTION OF EXTRA-TERRITORIALITY, THIS IS A DIFFICULT QUESTION TO WHICH NO ANSWER SATISFACTORY TO ALL PARTIES HAS YET BEEN FOUND. THE U.S. FEELS BOUND BY THE SOLEMN DECISIONS OF INTER-AMERICAN COUNCILS, BUT NO FINAL DECISION ON THIS SPECIFIC PROBLEM HAS YET BEEN MADE. THE ECUADORIAN CHAIRMAN MONCAYO EXPRESSED THE HOPE THAT GSP WOULD BE ENACTED SOON.

3. BRAZILIAN DELEGATE MACIEL ASKED A SERIES OF QUESTIONS. DOES NOT THE EMPHASIS PLACED BY SECRETARY KISSINGER ON COMMUNITY, MUTUALITY, COOPERATION, COORDINATION, AND EMPHASIS ON INTERDEPENDENCE, HAVE POLITICAL ASPECTS AS WELL? THE U.S. PROMISED AT MEXICO CITY TO MAINTAIN THE LEVEL OF ECONOMIC ASSISTANCE, BUT THE NEED IS FOR A HIGHER LEVEL OF FINANCIAL TRANSFERS, ESPECIALLY IN LIGHT OF INCREASED PETROLEUM COSTS. WILL THE U.S. CONSIDER HIGHER LEVELS OF ASSISTANCE? AND CONCERNING THE TRANSFER OF TECHNOLOGY, WHICH IS OF INTEREST TO ALL OF US, HOW ARE WE TO DEAL WITH TECHNOLOGY WHICH IS DIVIDED UP AND IN THE HANDS OF TRANSNATIONAL CORPORATIONS?

4. CONCERNING THE EMPHASIS ON INTER-DEPENDENCE AND COMMUNITY, MR. KUBISCH REPLIED THAT THE SECRETARY'S STATEMENTS IN MEXICO DO REPRESENT IF NOT A NEW VIEW, THEN A CHANGED VIEW, OF THE U.S. POSITION. THE U.S. HAS CHANGED ITS PRIOR POSITION AND IS NOW WILLING TO CONSULT AND COORDINATE ON GLOBAL ISSUES IN THE LATIN AMERICAN REGION; TO RECOGNIZE THE INCREASING INTERDEPENDENCE OF NATIONS, ESPECIALLY AMONG THE COUNTRIES OF THE HEMISPHERE. PRESUMABLY THIS CLOSER RELATIONSHIP IN ECONOMIC, POLITICAL, SOCIAL AND CULTURAL TERMS, THAN WE HAVE HAD IN THE RECENT PAST, HAS POLITICAL IMPLICATIONS, BUT THEY SHOULD BE MINIMAL.

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5. ON AID LEVELS, WE WILL TRY TO MAINTAIN THE PRESENT LEVEL AND DIRECT IT TO THOSE MOST IN NEED AND WHOSE PROGRAMS MOST QUALIFY. MR. KUBISCH BELIEVED THAT THE EXECUTIVE BRANCH OF THE U.S. GOVERNMENT WOULD, OVER TIME, BE PREPARED TO CONSIDER REQUESTING INCREASED AID LEVELS FROM THE CONGRESS, BUT THIS WOULD REQUIRE THE COOPERATION OF THE GOVERNMENTS HERE.

6. ON TRANSFER OF TECHNOLOGY, MR. KUBISCH SAID WE COULD NOT

AT THIS TIME GO BEYOND SECRETARY KISSINGER'S PROPOSAL IN MEXICO. THE PRIVATE SECTOR IN THE U.S. IS THE GREATEST DEPOSITORY OF TECHNOLOGY ANYWHERE. WE FRANKLY DO NOT KNOW AT THIS TIME HOW THAT TRANSFER CAN BE SPEEDED UP, BUT WE ARE ARE WILLING TO LISTEN TO YOUR PROPOSALS, AND TO ADDRESS THIS PROBLEM IN WHATEVER FORM AT ANY TIME.

7. THE PERUVIAN DELEGATE, DE LA PUNTE, PROPOSED THAT THE PRIVATE FOREIGN INVESTMENT PROBLEM BE DEALT WITH BY A SYSTEM OF PRIOR CONSULTATIONS. THE RECEIVING COUNTRY WOULD ESTABLISH ITS CONDITIONS FOR RECEIVING FOREIGN INVESTMENT. THE EXECUTIVE OF THE SENDING COUNTRY, HAVING BEEN INFORMED OF THE UNIFORM, PERMANENT, CONDITIONS UPON WHICH THE RECEIVING COUNTRY WILL ACCEPT INVESTMENT, WOULD INFORM THE PROSPECTIVE INVESTOR. THERE

WOULD FOLLOW CONSULTATIONS BETWEEN THE INVESTOR AND THE RECEIVING COUNTRY, AND IF THE INVESTOR ACCEPTED THE CONDITIONS, THE INVESTMENT WOULD BE MADE.

8. MR. KUBISCH AGREED WITH THE PERUVIAN OBSERVATION THAT THE COUNTRY CONCERNED MUST ESTABLISH ITS RULES, OBJECTIVES AND CONSULT AS NEEDED. WE PREFER THAT THE COMPANY DEAL DIRECTLY WITH THE HOST GOVERNMENT. WE ARE RELUCTANT FOR THE U.S. GOVERNMENT TO BECOME INVOLVED, BUT, OF COURSE, ARE PREPARED TO CONSULT IF NEEDED. WE WOULD BE WILLING, HOWEVER, TO CONSIDER SUCH A PROPOSAL AS OUTLINED BY THE PERUVIANS.

9. THE PANAMANIAN DELEGATE, OAS AMBASSADOR PITY, SAID THE QUESTION OF THE SETTLEMENT OF INVESTMENT DISPUTES REMAINED UNDER STUDY. PANAMA WILL CONTINUE STUDYING THE QUESTION, BUT, FOR THE PRESENT, DOES NOT FEEL DISPOSED TO PARTICIPATE IN ANY MECHANISM OF CONSULTATION.

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